

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2011-224-E - ORDER NO. 2011-661
SEPTEMBER 23, 2011

IN RE: Progress Energy Carolinas, Inc.'s Petition for) ACCOUNTING ORDER
An Accounting Order Regarding Its Nuclear) REALLOCATING
Decommissioning Expense) ANNUAL NUCLEAR
) DECOMMISSIONING
) EXPENSE

This matter comes before the Public Service Commission of South Carolina ("Commission") on the request of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC" or "the Company"), pursuant to Public Service Commission of South Carolina ("the Commission") Rules 103-825 and 103-830 and S.C. Code Ann. §§ 58-3-140, 58-27-140, 58-27-230, and 58-27-1540, for issuance of an accounting order for regulatory accounting purposes reallocating the annual nuclear decommissioning expense among its four nuclear units.

Every five years, PEC performs a nuclear decommissioning cost study. Based on PEC's 2005 Decommissioning Study, the Company requested, and the Commission approved by Order No. 2006-494 in Docket No. 2006-184-E, the reallocation of the South Carolina retail amount of nuclear decommissioning expense by unit as follows:

Unit	Annual Expense	% of <u>Total</u>
Brunswick Unit 1	\$242,201	5%
Brunswick Unit 2	232,147	5%

Harris Unit 1	2,388,119	51%
Robinson Unit 2	<u>1,788,988</u>	<u>39%</u>
Total	<u>\$4,651,455</u>	<u>100%</u>

The Company's most recent Decommissioning Study was prepared during 2009. In re-calculating the revenue requirements based on the 2009 Decommissioning Cost Study ("the 2009 Study"), PEC applied a 3% cost escalation rate, a 6.0% projected return on the external Qualified Fund, and a 4.5% projected return on the external Non-Qualified Fund. Based on these factors and the results of the 2009 Study, PEC determined that the annual revenue requirement amounts by unit should be as follows:

Unit	Annual Expense	% of <u>Total</u>
Brunswick Unit 1	\$795,954	20%
Brunswick Unit 2	519,982	13%
Harris Unit 1	1,877,665	47%
Robinson Unit 2	<u>774,406</u>	<u>20%</u>
Total	<u>\$3,968,007</u>	<u>100%</u>

The total South Carolina retail revenue requirement of \$3,968,007 varies less than 15% from the annual expense level of \$4,651,455 being recorded on the Company's book. However, the revenue requirements by unit vary significantly.

In recognition of the fact that the estimated costs to decommission these units may change upon completion of the next cost study, PEC wishes to continue contributing

\$4,651,455 annually to its external trust funds. However, the Company proposes to reallocate the total annual nuclear decommissioning expense by unit, consistent with the most recent 2009 Study, as follows:

Unit	Annual Expense	% of <u>Total</u>
Brunswick Unit 1	\$930,291	20%
Brunswick Unit 2	604,689	13%
Harris Unit 1	2,186,184	47%
Robinson Unit 2	<u>930,291</u>	<u>20%</u>
Total	<u>\$4,651,455</u>	<u>100%</u>

The proposed reallocated annual expense amounts shown in the preceding paragraph were determined by applying the unit cost percentages from the 2009 Study shown in paragraph 4 to the current funding amount of \$4,651,455. Therefore, the proposed total expense remains at the current level.

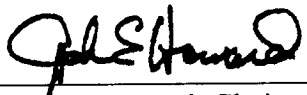
Given that the amounts currently expensed were approved by the Commission, PEC needs and requests an accounting order to reallocate the expense level as described above. The revised expense allocations will be effective as of January 1, 2011, and thereafter until such time as the Commission approves further revisions. This request does not involve a change to any PEC rate or tariff.

The Office of Regulatory Staff has reviewed the Company's request and has no objection to the proposed Accounting Order.

We have examined the request, and we hereby issue this Accounting Order as requested, and we approve the terms as outlined by the Company. We approve the reallocation of the annual decommissioning expense among the Company's four nuclear units as requested, and declare that the reallocated expenses shall be deemed in effect as of January 1, 2011, and thereafter, and shall remain so allocated until such time as the Company requests and the Commission orders a change.

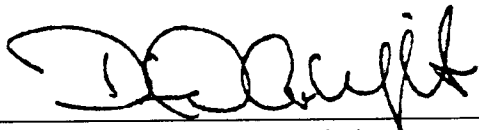
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)